

**INDUSTRY AND COMPETITIVE ANALYSIS (ICA)****Faculty:** Karel Cool (*e-mail:* [karel.cool@insead.fr](mailto:karel.cool@insead.fr))**Administration:** Pascale Gadroy (*Tel:* 4346; *e-mail:* [pascale.gadroy@insead.fr](mailto:pascale.gadroy@insead.fr))

The course examines how firms can create above-normal returns and shareholder value through the development and implementation of competitive strategy. We focus on two sources of above normal returns: returns (rents) from the development and commitment of unique resources (e.g. patents, brands, installed base) and profits from the creation and use of dominant market positions.

The first part focuses on resource uniqueness as a source of competitive advantage and above normal returns. We examine how resources may be built and how the process of resource accumulation influences the uniqueness of resources. Theory, simulation results and cases are used to demonstrate the dynamics of resource accumulation. The second part considers how returns from unique resources are maximized and captured. We analyze how resources can be translated into customer value, how the value of resources may be obtained by trading them, and when vertical and lateral integration is necessary to maximize the value of unique resources.

The third part deals with the creation and use of dominant market positions. Three issues are considered: the development of dominant market positions, strategies to capture customer value, and the management of industry value chains. The emphasis throughout is on the identification of value opportunities in the chain and the design of strategies to capture (rather than create) this value. While customers increasingly want more 'value for money', shareholders demand increasing 'money for value', forcing management to give equal attention to the creation and the capturing of customer value. The course discusses strategies of doing this and how this is influenced by market conditions.

critical mass. The case sessions consider how critical mass races may be won, what to do if one loses such races, and how above-normal returns are achieved (or destroyed) in such situations.

The readings that are assigned for the respective sessions give complementary perspectives and references to the relevant literature. Readings are reprints from articles or chapters of the **required textbook: David Besanko, David Dranove and Mark Shanley, *Economics of Strategy*, New York: Wiley, 2<sup>nd</sup> edition, July 1999.** A sufficient understanding of the questions dealt with in the course will require a study of the assigned readings.

Three requirements are imposed: meaningful class participation (25% of the grade), one major case write-up (25% of the grade) and a final project (50% of the grade). As an alternative to the project, a *closed book* exam may be taken. This exam relates to *everything* covered in the course.

As to the length of the assignments, the following rules apply. For the mandatory case analysis, the write-up should be no longer than 20 pages (double spaced), excluding exhibits. For the project, the limit is set at 40 pages (double spaced), excluding exhibits. You are free to choose as a write-up case any of the cases marked with an asterisk (\*) in the outline. The team composition is left up to you (your team may straddle different sections). When you hand in your analysis the day the case is discussed, your team should be prepared for a presentation of no longer than 10 minutes. If more than one team has prepared the write-up, the presenting team will be selected at random; the other teams will have the opportunity to comment.

To help in the choice and execution of your project, the ICA course provides two services. First, projects from previous ICA promotions may be checked out. The list is available on the ICA website (<http://inside.insead.fr/>, a username and a password will be provided to you at the beginning of the course). You should send an e-mail to Ms Pascale Gadroy, course administrator, who will make the project(s) available for a maximum of two days.

Second, as a new service, ICA has partnered with Deloitte Consulting / Braxton Associates to provide access to their databases and research files. This service is accessible via the ICA website. Deloitte will provide detailed information on some cases and more general information on a wide range of industries. They will also allow, under certain conditions, direct access to Deloitte strategy discussions on specific cases. Both sources should help in defining a project and conducting an in-depth analysis.

If you choose a final project rather than an exam, you should hand in a page at the beginning of class 5 detailing the title of the project, the strategic issues that are addressed, a first outline, and the group composition. You choose the students with whom you want to work on the project. They may be different from the ones you work with for other assignments during the course. The project has to be handed in the day of the final exam of the course.

Finally, a word about course rules. Some strict rules apply regarding attendance. You will **not** be allowed to enter the class late. However, you are free to choose the section you want to attend. Also, if I or Pascale Gadroy have been warned in advance that you cannot be on time for any of the sections for of valid reason (e.g. job search), you will be allowed to enter the class.